

SB0290



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB0290

Introduced 2/7/2007, by Sen. David Luechtefeld

SYNOPSIS AS INTRODUCED:

70 ILCS 910/21.3 new

Amends the Hospital District Law. Provides that a hospital district may issue bonds, notes, or other obligations, or enter into a line of credit, secured by property taxes, unencumbered accounts receivable, or other revenues. Allows the district to establish a line of credit in connection with those borrowings. Provides that the Treasurer may accept a linked-deposit proposal from an eligible institution, subject to certain restrictions. Effective immediately.

LRB095 06244 HLH 28913 b

A BILL FOR

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Hospital District Law is amended by adding
5 Section 21.3 as follows:

6 (70 ILCS 910/21.3 new)

7 Sec. 21.3. Issuance of certain notes, bonds, or other
8 obligations.

9 (a) A hospital district may issue notes, bonds, or other
10 obligations, or enter into a line of credit, secured by and
11 payable from one or more of these sources: property taxes,
12 unencumbered accounts receivable, or other revenues, in an
13 amount not to exceed the greater of the following amounts if
14 the source is pledged: (i) 85% of the amount of property taxes
15 most recently levied, (ii) 85% of unencumbered accounts
16 receivable of the district (in substantially the manner set
17 forth in Section 21.1 of this Act), (iii) 85% of other revenues
18 (in substantially the manner set forth in Section 21.2 of this
19 Act), or (iv) 85% of amounts unpaid under third-party
20 reimbursement or payment programs (including but not limited to
21 State or federal Medicare or Medicaid payments or programs).
22 All moneys so borrowed shall be repaid within 24 months after
23 the date of issuance. In connection with obligations issued

1 under this Section, the district may establish a line of credit
2 with a bank or other financing source.

3 (b) Borrowings authorized under this Section shall bear
4 interest at a rate not to exceed the maximum rate authorized by
5 the Bond Authorization Act, from the date of issuance until
6 paid, and are not required to be approved by referendum. The
7 authorization to borrow provided in this Section is in addition
8 to powers granted in other laws.

9 (c) Before borrowing or establishing a line of credit under
10 this Section, the hospital district shall authorize the
11 borrowing or line of credit by ordinance. The ordinance shall
12 set forth facts demonstrating the need for the borrowing or
13 line of credit, state the amount to be borrowed, establish a
14 maximum interest rate limit not to exceed that set forth in
15 subsection (b) of this Section, and provide a date by which the
16 borrowed funds shall be repaid. The ordinance shall authorize
17 and direct the relevant officials to make arrangements to set
18 apart and hold, as applicable, the moneys that will be used to
19 repay the borrowing. In addition, the ordinance may authorize
20 the relevant officials to make partial repayments of the
21 borrowing as the moneys become available and may contain any
22 other terms, restrictions, or limitations desirable or
23 necessary to give effect to this Section 21.3.

24 (d) The State Treasurer may, in his or her discretion,
25 accept a proposal from an eligible institution that provides
26 for a linked-deposit. This linked-deposit calls for the

1 subscription or purchase outright of obligations, placed by the
2 State Treasurer with an eligible lending institution, provided
3 the institution agrees to lend the value of the deposit to
4 eligible hospital districts that are entitled to reimbursement
5 from the State's Medicaid program.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.